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Khrushchev's Next Coup: While it is generally expected that the visiting Russian dictator will seek to stage a sensational diplomatic or propaganda coup at the UN, some in Washington wonder if, on K's orders, his Red apparatus in the Caribbean may not explode a bombshell—and a real military one at that—on our southern doorstep.

From anti-Communist Latin Americans in the Capital, HUMAN EVENTS learns of some daring schemes which the Reds are hatching. Unless the following exposure serves to inspire preventive action, these are the incidents the Red agents intend to provoke in time for the opening of the UN session:

(1) They will attempt a *coup d'etat* in the Republic of Panama, together with an effort to sabotage the Panama Canal.

(2) They will try to engineer the overthrow by force of the Government of Venezuela, using opportunistic military figures on whom they have obtained a hold.

(3) They project a "phony" invasion of Cuba, to be propagandized as a genuine attempt to overthrow Castro. This is quite a dilly, if the Reds can pull it off, and it has real anti-Castro Cubans here very much worried. Here is how the Reds have planned it:

A small group of Cubans (in reality, secret agents of Castro, assigned to the job) have been recruiting, rather openly in Florida, volunteers who genuinely want to invade and overthrow Castro. These sincere volunteers are "dupes" and don't know it. They are being sent to a hideout in neighboring Caribbean territory, where they are being supplied arms of US manufacture. They will sail to Cuba, storm some beach on the island, penetrate the interior and then will be betrayed into a *cul-de-sac* (where they will have to surrender to Castro) by the secret Castro leaders who recruited them.

Then—runs the script—Castro will display the captured American arms and call for UN investigation and censure of the US.

Whether or not one of our hush-hush agencies has been duped into providing arms for this Castro scheme is the subject of much speculation in Wash-

ington among Latin American opponents of the bearded dictator. These foes of Castro have repeatedly tried to warn our hush-hush agencies of the impending plot. In view of the bungling of our whole Latin American policy, observers keep their fingers crossed.

Inside State Department: Some Republicans on Capitol Hill are privately recommending that President Eisenhower replace at once the ailing Secretary Herter with former Governor Dewey of New York, to serve until Ike's term expires.

They consider this an essential emergency move, not only in the national interest but also in the interest of the GOP, now engaged in trying to win the national election. While they grant that Dewey has some drawbacks, they suggest his name because he is a vigorous younger man, an able as well as virile administrator and finally because he would be the Republican most acceptable to the President, in view of their close friendship.

The reason for this surprising suggestion springs from a number of factors:

(1) Herter's infirm physical condition which cannot fail to affect his navigation of the State Department.

(2) The soft and flabby attitude—to mention the least critical of the terms used today—of the State Department in dealing with Castro and the worsening Latin American situation. Reportedly, former Ambassador "Chip" Bohlen is the man in State on whom Herter principally relies for advice; and Bohlen is said to be constantly urging "softness" in this policy.

(3) A startling fact is unveiled—calculated to curl the hair of GOP Chairman Morton, Dewey and other Republicans: Herter is using Paul Nitze as an "unofficial" adviser on foreign policy. Nitze, a former State Department official under Truman, is now one of the principal advisers of Senator John F. Kennedy in his campaign to oust the Republicans from office. If Governor Dewey reigned over the State Department, it is remarked, he would scarcely carry bi-partisanship in foreign policy that far.

(4) A far from perfect liaison exists between the White House and Herter's Department, as shown by a story now going the rounds in the Capital. On Tuesday, September 6, the State Department informed the Ambassadors of Britain, France and Italy that President Eisenhower would not attend the upcoming UN Assembly meeting while Khrushchev was there, and under no circumstances would he meet with the Red czar. The following morning the President at his press conference said that he would attend at the time the Russian dictator is scheduled to be in the UN, and might have a meeting

with him—if the latter satisfied some pre-conditions. The confusion resulting in the Foreign Offices of our allies can well be imagined.

Reuther: UAW boss Walter Reuther tossed his antagonism toward the conservative wing of the Democratic party squarely into the campaign last week. Reuther said he “would like to put the Dixiecrats in the Republican party where I think they belong.”

Speaking on TV's College News Conference, Reuther attacked the “unholy alliance” between Southern Democrats and Republicans as being largely to blame for the defeat of much Kennedy-sponsored legislation in the special session. It is noted that “liberals” have been damning this “unholy alliance” ever since it was formed in 1938 to combat the leftist schemes of the New Deal.

“The day must come in American politics,” Reuther said, “when political parties stand for things.” To seasoned observers, what the labor leader meant was a purge of all conservative influences within the Democratic party and the formation of a completely left-wing labor-farm-minority bloc party in its place.

Asked to comment about Reuther's remarks, Congressman William Jennings Bryan Dorn of South Carolina told HUMAN EVENTS: “Some of these people who are so eager to read the constitutional Democrats out of the party might be happier if they left themselves and formed their own Socialist fringe party. Possibly the voters this November will help them on their way.”

Labor Day Blues: While Henry Cabot Lodge and Nelson Rockefeller staged a successful hot dog-munching, sand-in-the-shoe tour of New York's three largest beaches on Labor Day, Jack Kennedy was unpleasantly surprised by a turnout of only 40,000 (police estimate) union members and others for his Cadillac Square, Detroit, holiday speech.

Although the labor moguls gave out the attendance figure as 60,000, most agreed that the Pink Shamrock's official campaign kickoff was a dim event. New York *Herald Tribune* reporter Bob Donovan said that “the crowd of perhaps from 30,000 to 40,000 . . . was disappointing.” In 1948—a year in which the papers were full of pictures of President Truman speaking in half empty halls—HST drew over 100,000 for his Labor Day speech in the same square. But what makes Jack's Labor Day pains more acute is that even Adlai Stevenson, who left most union rank and filers cold, drew better in his 1952-56 Labor Day addresses in Detroit than did Kennedy last week.

Registration Drive: The Democrats have stepped up their registration drive in the big cities to such an extent and with so much success that the GOP now considers it a major campaign factor. The Kennedy organization's Voters Registration Committee, headed by Representative Frank Thompson (D.- N.

J.), reports that extensive drives in New York, Philadelphia, Chicago, Cleveland and Los Angeles have been huge successes, with Democrats out-registering Republicans by as much as three-to-one.

Democratic registration drives in Philadelphia have been so successful, the report states, that if the trend continues Kennedy will be virtually assured of carrying predominantly GOP Pennsylvania. Thompson reports that in a three-week registration drive in Los Angeles the Democrats turned up 50,000 new voters, most of Mexican ancestry, while during the same period the Republicans gained only 10,000 new registrants.

The Thompson report has caused the Kennedy high command to make some more major strategy changes. More than \$1 million originally earmarked for radio and TV broadcasts will now be used to beef up the registration drive. With the survey showing Democratic registration gains in big state suburban areas, Kennedy will press much harder there, with big “shopping center tours.”

Along Diplomatic Row: Sudden developments may change it—but the belief persists in Washington that Khrushchev's forthcoming visit to the UN will not bring about a Big Four meeting in New York.

It is known along Diplomatic Row that spirited exchanges of views went on among Western allied officials after the Russian dictator announced his intention to visit the UN General Assembly in New York on September 20.

First of all—and most important—General De Gaulle flatly told the US State Department and Britain's Prime Minister Macmillan that he would not go to the UN meeting and he would not attend a heads-of-state conference in New York at that time.

Then Macmillan informed President Eisenhower that, while he would like to attend a New York meeting with Khrushchev and the American President, he feared this setup might cause more harm than good. He was apprehensive that such a three-man conference, without De Gaulle, might project an appearance of a “schism” in the ranks of the Western allies.

Capitol Camera: GOP campaign strategists cheered by results of straw-vote polls taken at the Indiana state fair. The poll, which has been unusually reliable in the past, shows Nixon leading Kennedy by 3-2. The Republican candidate for governor, conservative Crawford Parker, leads his opponents by a similar margin. GOP congressional candidates lead in most races.

• *Senator Jack Kennedy receiving criticism on the Hill for his abuse of the franking privilege in mailing out campaign literature. The Democratic nominee is sending out as “official mail” political handouts and leaflets. Picking up the tab for the millionaire candidate: John Q. Public.*

- Nominee Kennedy is listening to proposals of left-wing Senator Joe Clark to strip Southern committee chairmen of all their posts. Jack is known to be bristling at the lack of support he received from Southerners during the dismal bob tail session just concluded. Particular Kennedy targets: Byrd of Virginia, Eastland of Mississippi.

- *Pennsylvania's GOP Senator Hugh Scott has filed with the Justice Department documented case histories of vote frauds by the Democratic party in his state. The Republican solon asks for Federal action before the November elections. Typical abuses charged: Cities where there are more voters than residents; voters registered as living in parking lots, street intersections, national parks, condemned buildings, city jails.*

- Irate American citizens from Boston, Philadelphia, Washington and New York plan to give Soviet dictator Khrushchev a critical reception when he comes to the United Nations. They will put on a mass demonstration in New York condemning the Butcher of Budapest for his vicious insulting of President Eisenhower at the Paris conference. Those who wish to support the protest should contact Dr. Bela Fabian, 131 Riverside Drive, New York 24, N. Y. Phone TRafalgar 3-9305.

- *Former Senator George (Molly) Malone won an easy victory for the GOP nomination to Nevada's lone congressional seat last week. He needs help to defeat Democrat Walter Baring in November.*

Defectors in Moscow: The Moscow appearance and traitorous utterances of the two defecting National Security Agency men have inspired an uproar of criticism aimed at our hush-hush agencies' failure to investigate the men thoroughly before giving them jobs. It is known that the FBI had a big file on one of the defectors.

This ignominious affair has caused many to draw a parallel between the American pair and the two British diplomat renegades, Burgess and MacLean, who fled across the Iron Curtain in 1951. As in the case of the two Britishers, the charge of sexual deviation has been raised.

Those in the know among American Security officers recall how US security personnel severely criticized their British counterparts in 1951. Now the shoe is on the other-foot. And it is pointed out that since the humiliation of the Burgess and MacLean defection, British security officials have tightened up their apparatus and not one similar case has occurred. France has not had a serious defection under De Gaulle, whose tight security measures are strictly enforced.

As to this country, it is remarked that since the US Government cracked down on Senator Joe McCarthy, laxness has crept in—with the present disturbing picture.

The UN: Many in the Capital deplore the day that the US allowed the capital of the UN to be placed on territory of the USA. Khrushchev's evident desire to make American soil the publicity spot of another billingsgate attack on the US, in conjunction with

other gangsters from behind the Iron Curtain, has seriously embarrassed not only the Federal Government but also and especially the City of New York. For it is assumed he will be the target of demonstrations, some of not exactly a peaceful kind.

And officially, his security will not be a job for the Federal Government, but only for New York police. He will not be the guest of the country.

A number of members of Congress who were on the official scene at the time when the UN was being set up recall grave objections to placing the capital of the new organization on American soil. One of the objectors was Congressman Walter Judd (R.-Minn.), who criticized the move on two grounds: (1) it would not be fair to the UN—that organization should have full autonomy and should not be beholden to any nation for its protection and domicile; and (2) it would not be fair to the United States because it might at some time embarrass us politically. HUMAN EVENTS at the time reported strong security objections from American military circles. New York, biggest port in the country and surrounded with military and industrial potential, is no place to house such a body—they said. There were even rumors that Franklin D. Roosevelt objected and sought Portugal's allocation of the Azores as the UN site.

Kefauver: The very natural repercussions against the wave of bigoted attacks on Kennedy affected members of the US Senate in the closing hours of the bob tail session—and not without damage to the truth by one wild radical in the body. Senator Kefauver on August 30 delivered a long speech on the floor denouncing bigotry. But in the course of making it, he managed to smear HUMAN EVENTS with an insinuation of amazing falsity.

Senator Styles Bridges (R.-N. H.) was so aroused by this that he went to the floor and made the following statement (Congressional Record, September 2, 1960, page 17695):

"Mr. President, I note in the Congressional Record for August 31, page 17046, a speech by one of my distinguished colleagues, complaining of and attacking anti-Catholic propaganda in the present political campaign.

"I agree with this position. I deplore and condemn such propaganda and attacks. However, I am concerned about one sentence in the speech, which reads as follows:

"There will be organizations and publications like the Ku Klux Klan, the falsely named committee for constitutional government, and a magazine called HUMAN EVENTS, to mention just three—that will peddle messages of suspicion and falsehood, that will attempt to rally prejudice in place of reason."

Rev. RICHARD GINDER, Associate Editor, Our Sunday Visitor: "I have often recommended HUMAN EVENTS in my column. I have subscribed to it for years and read it very carefully each week as soon as it arrives."

"I happen to be a regular reader of the weekly newsletter HUMAN EVENTS and I am amazed that anyone would bracket HUMAN EVENTS with the Ku Klux Klan. That publication stands for racial and religious tolerance and never, to my knowledge, has it published anything in consonance with the Ku Klux Klan or similar racial and religious prejudice groups. HUMAN EVENTS has never 'peddled' messages of suspicion and falsehood, or attempted to rally prejudice in place of reason. There has been nothing in HUMAN EVENTS which could be even remotely interpreted as agreeing with or encouraging 'hate groups.' . . ."

While awaiting Kefauver's answer to Bridges' repudiation of the offending insinuation, HUMAN EVENTS wrote to the editor of the Washington Post (which had reported the Tennessean's speech) in which we denounced the insinuation as "completely false" and suggested that the Post, in all fairness, should run Senator Bridges' rejoinder. We also said:

"Reprinting HUMAN EVENTS articles is forbidden to anti-Catholic publications. An anti-Catholic publication is one which believes that no Catholic has the right to become President of the United States. We oppose Senator Kennedy *solely* because of his political philosophy. HUMAN EVENTS regards Adenauer and De Gaulle—BOTH CATHOLICS—as the two greatest living European statesmen. If Kennedy had the capacity and wisdom of these men, we would FAVOR, not oppose, his election to the Presidency of the United States."

Abortive Session: A conservative GOP-Dixie coalition in the bob tail session darkly obscured Kennedy's "New Frontier," dimmed the image of Kennedy as a magnetic leader—and let the taxpayers heave a sigh of relief.

In short order, the coalition rejected the massively expensive, Kennedy-proposed medical aid bill to be financed through the Social Security system and passed, instead, a mild medical aid bill for the aged which will be a joint Federal-state operation.

The House Rules Committee, under Virginia's venerable Judge Smith, blocked the multi-billion dollar school construction aid pushed by the Democratic Presidential nominee.

Kennedy failed to get his \$1.25 "minimum" wage bill passed, which was a victory for his arch legislative enemy, Barry Goldwater, whose facts helped persuade Congress that it would drive many retail firms out of business.

The Massachusetts Senator even failed to get the Senate Labor and Welfare Committee—heavily sprinkled with "liberals"—to endorse his "common situs picketing" bill which would allow the building-trades unions to engage in what are now illegal secondary boycotts.

If this weren't enough, the House Rules Committee also blocked a Kennedy-backed housing bill, Congress refused to take action on a "depressed" areas bill he supported, and it failed to come up with

a farm bill which Kennedy regarded as "must" legislation. And no doubt he disappointed his egg-head fans at Harvard when his bill to abolish the loyalty oath for students taking money under the National Defense Education Act died in the House.

But the "liberals" in Kennedy's corner had some victories. While the mutual security bill was cut down from the \$4 billion requested by Ike, Congress still appropriated \$3.8 billion, which, says Congressman H. R. Gross (R-Iowa), is half a billion over last year's appropriations, and leaves the Mutual Security program with \$8.5 billion in the kitty to spend in a short 10 months.

Further, the Congress appropriated \$4.3 billion for the Departments of Labor and Health, Education and Welfare. This was \$333 million over what Ike had asked for and \$289 million more than appropriated last year.

Still the spending lid was held down, and while it may have been a defeat for Kennedy, it was—think Washington observers—a victory for responsible government.

Anti-Trust: The abbreviated session closed with the Senate Judiciary Committee's failing to confirm the appointment of Robert Bicks as Assistant Attorney General in charge of the Anti-Trust Division. Bicks had been First Assistant in that division. "Liberals" have raised an uproar against the committee, alleging "big business" influence.

Since the dust has settled, it appears that such charges are untrue and that the committee felt justified misgivings about Bicks. For one thing, he is rather young to head such a division; he is 33. For another, rightly or wrongly, he is believed to be an "anti-truster" of more militancy (perhaps youthful) than judicial sense. He is said to have been behind the suit against all major oil companies of the nation, filed several years ago and resolved by Federal court decision last winter. Judge Royce Savage, appointed by President Roosevelt in 1940 (and presumably a New Dealer in philosophy), dismissed the suit of the Government against the oil companies for lack of sufficient evidence, with some tart comments about the prosecution. Reaction among many members of Congress was that the Department of Justice should have recognized this originally and should not have wasted Government money and personnel (not to mention the company money spent in defense) in trying to prosecute such an unfounded suit. It is believed that many of the Senate Judiciary Committee members of both parties shared this reaction, and that is the reason for Bick's rejection.

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The ABC of Inflation

By HENRY HAZLITT

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SUPPOSE THAT, by a miracle, every family in the United States were to wake up one morning to find four times as much money in its pockets and its bank account as on the night before. Every family would then be eager to rush out and buy things it had previously longed for and gone without. The first comers might be able to buy things at the old prices. But the later comers would bid prices up against each other. Merchants, with their stocks going down, would re-order, raising wholesale prices. Manufacturers and other producers, because they were doing a bigger business, would try to increase their labor force. This would force up wages. Eventually there would be an increase of prices and wages all around the circle.

This picture is, of course, a violent simplification. But it describes what has actually happened in this country, not over night, but over the last 20 years or so. At the end of 1939 the amount of currency outside of banks was \$6.4 billion. The amount of bank deposits subject to withdrawal by check (which is the main part of the "money supply" with which Americans do business) was \$29 billion. This made a total active money supply of a little more than \$36 billion. At the end of 1959 this money supply had grown to four times as much—\$145 billion.

With this hugely increased supply of money bidding for goods, wholesale prices at the end of 1959 had increased 136 per cent above those at the end of 1939. In the same period the cost of living, as measured by the retail prices paid by consumers, had increased 113 per cent. In other words, the purchasing power of the dollar fell to less than half of what it was in 1939.

When we consider the extent of this increase in the money supply, it is surprising that prices have not risen even further. One reason why they haven't is that the supply of goods in the meanwhile has also been increased. Industrial production at the end of 1959 was running at a rate of about 177 per cent greater than in 1939. While the supply of money has quadrupled, the rate of output of industrial goods has almost tripled.

LET US TRY to see what inflation is, what it does, and what its continuance may mean to us. "Inflation" is not a scientific term. It is very loosely used, not only by most of us in ordinary conversation, but even by many professional economists. It is used with at least four different meanings:

1. Any increase at all in the supply of money (and credit).
2. An increase in the supply of money that outruns the increase in the supply of goods.
3. An increase in the average level of prices.
4. Any prosperity or boom.

Let us here use the word in a sense that can be widely understood and at the same time cause a

minimum of intellectual confusion. This seems to me to be meaning 2.

Inflation is an increase in the supply of money that outruns the increase in the supply of goods.

There are some technical objections to this, which I shall not here go into, but there are even more serious objections to any of the other three senses. Meaning 1, for example, is precise, but runs counter to all common usage. Meanings 3 and 4, though they do conform with common usage, lead, as we shall see, to serious confusion.

Whenever the supply of money increases faster than the supply of goods, prices go up. This is practically inevitable. Whenever the quantity of anything whatever increases, the value of any single unit of it falls. If this year's wheat crop is twice as great as last year's, the price of a bushel of wheat drops violently compared with last year. Similarly, the more the money supply increases, the more the purchasing power of a single unit declines. In Great Britain, for example, the supply of money increased some 226 per cent between 1937 and the end of 1957; at the same time the cost of living increased 166 per cent. In France, the money supply increased about 36 times between 1937 and the end of 1957; the cost of living in France, in the same period, went up about 26 times.

This rise of prices, which is merely a consequence of the inflation, is commonly talked of as if it were itself the inflation. This mistaken identification leads many people to overlook the real cause of the inflation—the increase in the money supply—and to think that the inflation can be halted by the imposition of government price-and-wage controls, even while the supply of money continues to increase. Under such conditions, however, government price-and-wage fixing only discourages, distorts and disrupts production, without curing the inflation.

It is sometimes thought that it is "war" that is responsible for all inflations. But a great part of the present inflations in France, Italy, Great Britain and the United States have occurred since the end of the Second World War. The American cost of living, for example, has gone up 63 per cent since 1945. And some of the most spectacular recent inflations have occurred in countries relatively untouched by the war. Between 1950 and the end of 1959, the money supply in Chile increased 19 times, and the cost of living there increased 20 times. In Bolivia, between 1950 and 1959, the money supply was increased 70 times, and the cost of living there increased 100 times. Similar records could be cited for other countries.

This article will be contained as the summary chapter in Henry Hazlitt's forthcoming book, *What You Should Know About Inflation*, scheduled for publication by Van Nostrand Co. later this month.

Thus we see that the connection between the increase in the supply of money and the rise in prices is extremely close. All the great inflations of earlier and modern times have been primarily the result of reckless deficit financing on the part of governments, which wanted to spend far more than they had the courage or ability to collect in taxes. They paid for the difference by printing paper money.

Most present-day governments are ashamed to pay their bills directly by printing money, so they have developed more sophisticated and roundabout ways of doing the same thing. Typically, they "sell" their I.O.U.'s, their interest-bearing securities, to the central bank. The central bank then creates a "deposit" in their favor for the face value of the government securities, and the government draws checks against this "deposit." But all this leads in the end to the same result as printing new money directly.

We are often told, however, that we have in America today a "new" kind of inflation, caused by labor unions forcing constant wage increases. This contention contains a political truth but is misleading economically.

SUPPOSE UNIONS were able to force up their wage-rates, but that the management of currency and bank credit were such that there was no increase in the total money supply. Then the higher wage-rates would either wipe out profit margins, or they would force manufacturers to raise prices to preserve profit margins. If the higher wage-rates wiped out employers' profits, they would lead directly to unemployment. If they forced a rise in prices, and if consumers had no more money to spend than before, consumers would buy fewer goods. The result would be smaller sales and hence less production and less employment.

An increase in wage-rates, in short, without at least a compensating increase in the money supply, would simply lead to unemployment. But very few governments have the courage to sit tight on the money supply and get the blame for the resulting unemployment. They prefer, instead, to try to make the constantly higher wage-rates payable by constantly increasing the money supply. In this way the rise in wage-rates has *politically* led to the continuance of many inflations.

But there is more than one reason why inflation, in spite of all the righteous lip-indignation it calls forth, is not only tolerated by the majority of us over long periods, but actively supported by special pressure groups.

The first of these reasons is "the money illusion." We are so accustomed to measuring our incomes and our economic welfare in purely monetary terms that we cannot break ourselves of the habit. Since 1939 the cost of living in the United States has a little more than doubled. This means that a man whose income after taxes has gone up from \$5,000 in 1939 to \$10,000 now is no better off, in the things he can buy with his income, than he was in 1939.

He is, in fact, definitely worse off. A study by the National Industrial Conference Board, allowing not only for higher prices but for the higher income-tax bite in the later year, estimated that a man required a gross income of \$12,307 in 1960 in order to enjoy a purchasing power equal to that of \$5,000

in 1939. His gross-money-income had to increase still more as he got into the higher income-tax brackets. It took a gross income of \$26,030 in 1960 to give him a purchasing power equal to that of \$10,000 in 1939 and a gross income of \$77,415 to give him a purchasing power equal to \$25,000 in 1939.

A man whose dollar-income has risen from \$5,000 in 1939 to only \$7,500 today, even after taxes, is substantially worse off now than then. Yet so strong and persistent is the money illusion, that millions of people who are worse off in terms of the real purchasing-power of their incomes probably imagine themselves to be better off because their dollar income is so much higher.

THE MONEY ILLUSION will often be found together with what we may call the special-case illusion. This is the belief that the reason my own money-income has gone up in the last five, ten or 20 years is that I have been personally very lucky or very talented, whereas the reason the prices I have to pay have gone up is just "inflation." I do not understand the inflation process, however, until I understand that the same forces which have pushed up the prices of what other people have to sell (including their labor services) have pushed up the price of what I personally have to sell. Looking at the matter the other way round, the same general forces which have raised my own income have also raised other people's incomes.

Yet the special-case illusion is not *entirely* an illusion. Here we come to one of the main reasons for the political pressure behind inflation. At the beginning we imagined inflation occurring as the result of a simultaneous miracle by which every family awakened to find its money supply quadrupled over night. Of course no such miracle happens in real life. No actual inflation happens by a simultaneous or proportional increase in everybody's money supply or money income. No actual inflation affects every person and every price equally and at the same time. On the contrary, every inflation affects different persons and different prices *unequally* and at *different* times.

A typical war inflation, for example, starts when the government uses newly-created money to pay armament contractors. Next, they employ more workers, and they raise the wages they pay in order to get and hold more workers. Next, the tradespeople that cater to the armament company owners and employees increase *their* sales. An so on, in widening circles.

In the same way, in a "pump-priming" inflation, brought about by a great public works program or housing program, the first group to benefit are the construction companies, the second the construction workers, the third the tradespeople and others who directly cater to the construction workers—and so on.

Inflation always benefits some groups of the population before it benefits other groups, and more than it benefits other groups. And in most cases it benefits these first groups *at the direct expense* of the other groups.

Suppose, to make an extreme simplification, that one-half of the population has its dollar-income and the prices of its goods or services doubled, while the

other half still retains the same dollar-income and can only get the same dollar-prices for its goods. The average prices received by the first half will go from 100 to 200. The average prices received by the second half will remain at 100. This means that the average price of *all* goods will now be 150, or 50 per cent higher than before. The first half of the population will then be about a third better off than before, though not twice as well off, even though its dollar-income has doubled. The second half of the population, though its dollar-income has remained the same, will be able to buy only two-thirds as much goods and services.

In any actual inflation, of course, the relative gains and losses will not be thus neatly split between just two distinct halves of the population; they will vary with every group and even, to some extent, with every family. Yet it will remain true that the losers from an inflation will probably be about equal in numbers to the gainers, even though the money illusion hides this from many of the losers.

The fact that there are always those who can relatively profit from an inflation, while it is going on, even though they do it at the expense of the rest of the community, helps to keep up the political pressure for the continuance of inflation.

The losers from an inflation, if they could always identify themselves and make themselves heard, could more than offset in their political strength the forces that temporarily profit from inflation.

Who are the losers? It is customary to identify them as savings bank depositors, holders of government bonds, elderly retired people or widows living on fixed pensions, insurance-policy holders, teachers and similar white-collar workers. The losers from inflation do include all of these, but they include many more.

Have you personally profited from inflation, or are you one of its victims?

Here is a simple way to find out. In the accompanying table the second column is based on the US Government's Consumer Price Index. For simplicity of calculation this figure has been converted to a base of 100 for the year 1939. The third column is based on the government's estimate of the per capita "disposable" income (i. e., income after deduction for taxes) in each year. This also has been converted to a base of 100 for the year 1939.

The first thing you want to find out is whether you are better or worse off *absolutely* as a result of (or in spite of) inflation. Put down what your take home pay was in any chosen past year in the table, and divide by the cost-of-living figure for that year. Then take your present take-home pay, and divide the result by the 1959 cost-of-living figure.

If your present income (so re-calculated) is greater than your income so re-calculated from the past year, then your *real* income has increased. Otherwise you have lost.

Let us take an illustration. Your take-home pay in 1959, say, was \$5,000 a year. In 1939 it was \$2,500. If you both multiply and divide your 1939 income by 100, it remains at the same figure—

\$2,500. But if you multiply, say, your 1959 income by 100 and divide by 210, this leaves you with only \$2,380 of "real" income (that is, in 1939 dollars) in 1959. Your income in terms of what it would buy, therefore, was lower than it was in 1939.

SUPPOSE, now, you are interested not only in knowing whether you are better off or worse off now than in some preceding year in what you can buy with your income, but whether you have done better or worse than the average American in the same period. In a progressive economy like ours, not only total production, and hence total real income, but per-capita production and hence per-capita real income, tend to increase year by year, as capital investment increases and machinery and techniques improve. But the income of some persons has increased much more than that of others. This is partly because, either through ability or good fortune, they hold better positions than formerly; but it may also be because inflation has benefited some groups at the expense of other groups. As you will notice, unless your dollar income over the last two decades has increased *more* than enough to compensate merely for the increase in the cost of living in the period, you have done less well, comparatively, than the average American.

If you wish to get a closer idea of how you made out relatively to others, you can make the same sort of re-calculation of your income in the third column as you made in the second. In this re-calculation, however, you would have to take more factors into account (such as full family income, after taxes, relative number of persons in the family in the years compared, etc.). And just how much the operations of inflation can be held responsible for whatever the comparison turns out to be, it is impossible to say without a full knowledge of each individual case. But many a person who thinks he has been one of the special beneficiaries of inflation may sharply revise his ideas after such a calculation.

Year	Cost of Living* 1939 average 100	Per Capita \$ Income**
1939	100	100
1944	127	197
1945	130	200
1946	140	209
1947	161	218
1948	173	238
1949	171	234
1950	173	253
1951	187	272
1952	191	281
1953	193	291
1954	193	291
1955	193	304
1956	196	318
1957	202	326
1958	208	339
1959	210	352

*Source: US Government Consumer Price Index, as converted from 1947-9 base.

**Source: US Government estimate of per capita disposable personal income in dollars. From table on p. 171, Economic Report of the President, January, 1960. Converted to 1939 base.

We have still to look at the strongest reason of all why inflation has such powerful political appeal. This is the conviction that it is necessary to maintain "full employment."

Under special conditions inflation can, it is true, have this effect. If, following a boom, maladjustments of various kinds have caused a collapse of demand and of prices, while labor union leaders have refused to accept any compensating cuts in wage-rates, there will of course be unemployment. In such a case a new dose of inflation may raise monetary purchasing power to a point where the old volume of goods will once more be bought at the old price-level, and employment may then be restored at the old money-wage level.

But the restoration of full employment could have been brought about just as well if the powerful unions had merely accepted the necessary wage-rate reductions. This would have involved no real sacrifice, because, as prices had collapsed, the cut in wage-rates would merely need to have been great enough to keep the same relative *real* wage-rates (i. e., wage-rates in terms of purchasing power) as before.

Nor, to restore full employment under such conditions, would it be necessary to put into effect any general *uniform* cut in wage-rates. Only those wage-rates would have to be cut that had got out of equilibrium and were causing log-jams in the economy.

Moreover, even if we inject greater and greater doses of monetary inflation, and union demands are such that wage-rates continue to run ahead of prices, then, though we shall certainly have inflation and higher prices, we will not cure the unemployment.

If we continue to try to solve our difficulties by continued fresh doses of monetary inflation, what will be the upshot? Prices will certainly rise further. But this rise of prices will not guarantee the restoration of full employment. The latter, as we have seen, depends on a generally balanced economic situation, and particularly on the proper relationship between prices and wage-rates.

A serious or long-continued inflation is always in danger of getting out of control. Those who naively imagine that our monetary managers, or any other group, know any formula by which we would maintain a predetermined "creeping inflation," with prices rising just two or three per cent a year, are entirely mistaken. Even if it were not extremely difficult to control exactly the supply of money and credit, there is no assurance whatever that a given percentage of expansion of the money supply from

year to year will bring a merely proportional price rise each year. On the contrary, the very knowledge of the existence of such a planned inflation would undermine confidence in the value of the dollar. It would bring a racing inflation immediately that could quickly get out of hand.

WHENEVER ANY INFLATION gets beyond a critical point (which can never be known in advance), the social losses and evils it brings about are certain to cancel and exceed any initial gains. Holders of bonds or savings deposits at last become aware that the capital value of their savings is shrinking all the time in terms of what it will buy. This awareness discourages thrift and savings. The whole structure of production becomes distorted. Businessmen and corporations are deceived by the way inflation falsifies their books. Their inventory profits are illusory. Their depreciation deductions are inadequate. It becomes impossible for business managers to know to what extent their paper files are real. But these profits often *look* bigger and bigger on paper. They provoke charges of "profiteering."

Inflation makes it possible for *some* people to get rich by speculation and windfall instead of by hard work. It rewards gambling and penalizes thrift. It conceals and encourages waste and inefficiency in production. It finally tends to demoralize the whole community. It promotes speculation, gambling, squandering, luxury, envy, resentment, discontent, bribery, corruption, crime, and increasing drift toward more intervention which may end in dictatorship.

How long will inflation continue? How far will it go?

No one has a sure answer to such questions. The answer is in the hands of the American people. Yet inflation is not necessary and it is never inevitable. The choice between chaos and stability is still ours to make.

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HUMAN EVENTS

--- COMMENTARY

Vol. XVII, No. 37 — Section III

September 15, 1960

Galbraith Argument Flunks Road Test

By Raymond Moley

It is not often that a professor-economist has attained such authority in politics as has John K. Galbraith. He not only is a highly articulate pamphleteer, but as a member of the Democratic Party's advisory group, he exercises more influence on Democratic policy than any other individual. This was abundantly shown in the Democratic convention when the major domestic theme of the keynote speech by Senator Church as well as the acceptance address of Senator Kennedy centered on the Galbraith thesis. So, in fact, did the Chester Bowles platform of the party.

Economists have had great influence in the past. John Maynard Keynes probably has had more influence in the period since 1930 than any other economist has had in a century. But he was never able to dominate the Conservative, the Liberal, or the Labor party in his own country.

And so let us look at one of the latest Galbraithian outbursts and then look at the facts. These facts are not secondhand. I will recite what I have seen in the past six weeks. Galbraith says:

"The (American) family which takes its mauve and cerise, air-conditioned, power-steered, and power-braked automobile out for a tour passes through cities that are badly paved, made hideous by litter, blighted buildings, billboards and posts for wires that should long since have been put underground . . ."

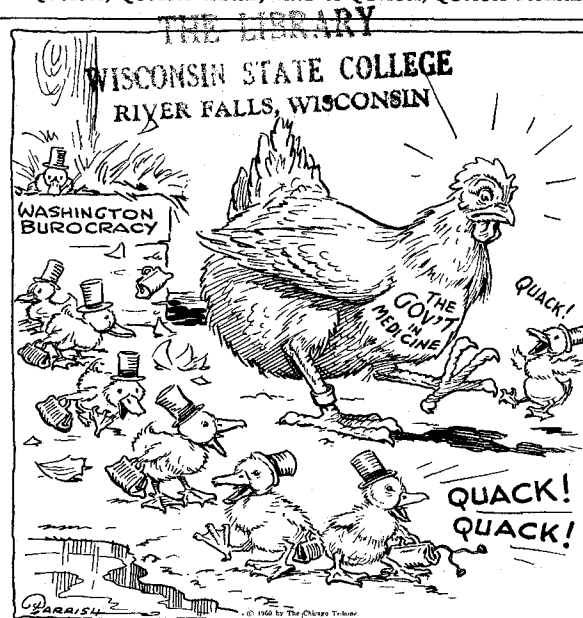
I shall come back to the sheer demagoguery of the comment about the family automobile, but first let us examine what he says about passing through cities. Here I can speak with authority. Galbraith wrote his popular, best-seller, "The Affluent Society," in Switzerland.

On July 15th this year I left New York City (my car is not mauve and cerise, but maroon) for the West. From the George Washington Bridge to Aurora, Illinois—approximately 1,000 miles—there were turnpikes, and a new toll road around Chicago. I did not touch a city street, and even the access to the George Washington Bridge was on the super East Side Highway. Philadelphia, Harrisburg, Pittsburgh, Youngstown, Cleveland, Toledo, and Chicago were bypassed, at a speed of 60 m.p.h.

Then Des Moines and Omaha were not even approached. Most smaller cities in Iowa, Nebraska, and Wyoming could be bypassed if one were not compelled to stop for shopping.

We are all being corrupted by the Federal Government. The welfare state is unconstitutional, immoral and should be illegal. No coalition will get anywhere until conservatives are willing to limit Federal taxation to needful purposes and to end the corruption.—FORMER CONGRESSMAN RALPH GWINN

A QUACK, QUACK HERE, AND A QUACK, QUACK THERE—



From Evanston, Wyoming there is a beautiful, fairly new highway—built since the "do-nothing" Eisenhower Administration came into office—to a spot south to Salt Lake City. Then there is a fine highway to the vicinity of Los Angeles, where freeways extend in and out. Going west and north, even Santa Barbara has a freeway, and the way is clear to San Francisco, which is accessible by freeways. Then, bypassing Oakland, Berkeley, Richmond, and Sacramento, the way is clear to Portland. That, too, could be missed, except that one must stop occasionally at a hotel. Freeways eliminate all problems at Tacoma and Seattle. Then Spokane, which certainly has no resemblance to the foolish ideas of Galbraith. Then back through Portland again, and to San Francisco.

I would happily lend my maps to Galbraith. He would find this country quite unlike the political caricature he is depicting. Maybe Boston fits his picture. I don't happen to know. But since the Kennedys and Fitzgeralds have had a lot to do with that area, public improvements might begin in the Galbraith-Kennedy bailiwick.

Galbraith seems to have a virile hatred of the family automobile. His description may fit the cars of the plush Hyannis Port resort where he peddles his lore to the candidate. But out in the country, the aid-conditioned car is a rarity. If his wife must shop, as those of most professors must, she will not say that power steering is a luxury. And the vast proportion of cars over the country are essential to the family, in home life and on vacations, as underwear and shoes. That I know from personal observation over my 6,100 miles of highway travel this summer.

Women Voters

By Congressman N. M. Mason

Office seekers have good cause to pay attention to the woman voter. She is expected to outnumber men at the polls this year—possibly by five million—and she tends to be conservative in her political opinions. Moreover, the number of women who vote has been steadily growing during the past two decades.

Women are more conservative than men. As conservatives, women favor the Republican Party. One woman said: "I just feel safer with the Republicans . . . I wouldn't be too sure of what the Democratic Party might do . . ."

Women are more concerned about peace than men. In 1956, three out of five women favored Eisenhower. Five per cent more women than men voted Republican in the 1954 Congressional elections.

No longer can the practical politician dismiss women voters either as a relatively unimportant electoral minority or as carbon copies of men voters. The wise politician will do well to pay particular attention to the political sensitivities of women. Today—"As women go, so goes the nation."

Communists Yen For US Setback

By Fulton Lewis, Jr.

Japanese authorities have determined that Communist couriers from Moscow and Peiping smuggled over 500,000,000 yen into Japan to finance the tightly-organized riots that led to the cancellation of President Eisenhower's Japanese visit.

Report forwarded to US authorities here indicate that no funds came from the Japanese Communist Party, which is in notoriously poor shape. The money was carried to Japan by agents posing as, among other things, ballet dancers and Red Cross officials.

The Japanese Reds spent a minimum of 503,500,000 yen (\$1,400,000 US dollars) in the following ways:

Japanese union members were reimbursed by the Communists for working time lost while joining the rioting.

The Reds transported and fed all demonstrators, including students.

Tens of thousands of banners, placards, armbands, caps, scarfs, and other paraphernalia used in the riots were paid for by the Communists.

The Communists paid 1,000 yen to each student involved in the riot against Press Secretary Hagerty, and demonstrators in other riots were paid 300 to 500 yen per day each.

Reds Eye Seizure of Spain As Road to Latin America

By Victor Riesel

Marseilles—On the docks here they say this is the world's toughest town. As I wandered through the slippery, ghastly side street alleys, we crossed paths with characters reputed to be Europe's toughest.

From among them, I was told, the Communist apparatus picks its smugglers, its saboteurs, its dynamiters for action in Spain. I've just rolled in from the roads along the Spanish border, and from the reports there the Russian underground needs tough hoods.

Soviets at Work

The Soviet apparatus is preparing for Tokyo tactics on the streets of Spain. Its objectives are the same—overthrow the regime and ouster of our killer bombing squadrons. These are part of the flying wall between you folks back home and Moscow's rocketry.

As I wrote not too many years ago from Tokyo, I write now from the Spanish border—the Communists are infiltrating workers' areas, building disciplined cadres and injecting brainwashing propaganda in preparation for the days of massive street action.

Their tactic is first to create tension and a feeling of omnipresent strength underground. Not too many weeks ago an underground unit slipped into Spain despite the numerous agents of the Spanish Director General of Security. On June 26, bombs went off in the Barcelona, Madrid and San Sebastian railroad stations and on some trains.

Outlawed Party Met

Five days later, the outlawed Communist Party's Executive Committee met in the Pyrenees Area not too far from here. The underground Spanish Communist operatives then got up a statement of which virtually no one is aware in the US. It is a statement, though, which outlines international Communist tactics under the Soviet Presidium's new line.

It called for a popular front of all forces against the Spanish government.

K On Christianity

Asked for his opinion of Christianity during his recent visit to France, Nikita Khrushchev said:

"There is much in Christianity which is common to us Communists. I only disagree on one point and that was when Christ said, 'If I am struck on one cheek, I will turn the other.' I believe in another principle: If I am hit on the left cheek, I hit them back on the right cheek so strongly that the head may fall off. This is my only difference with Christ."

This the Soviets are doing in France, in Italy, in Latin America, in Asia. For those who did not experience the Communist successes of the Thirties through popular front tactics, let me explain it.

Appears Sainly

The Communists appear suddenly to become as peaceful as choir singers. They announce they really want nothing but to support all others in the drive for the common good. They then get up joint election or action committees. At first they are the junior partner. Then their undercover cadres take over.

Now, back to the Spanish Communist Party's executive committee. On July 2, it got its clandestine and mobile transmitter into place. At 4:30 p.m. it broadcast the full statement.

First the Communists talked of the "success" of street action in Tokyo, Turkey and Korea. Said the underground radio: "An example has been set by other people who are similarly situated. In South Korea the popular demonstrations brought about the downfall (of Rhee) in a few days . . . In Turkey the ruling group was swept from power in a matter of days . . . In Japan people, by a general strike and mass demonstrations, forced the Kishi government to call off Eisenhower's visit . . . They give proof that it is possible to end a . . . regime by means of mass effort . . ."

"The experience of these countries is confirmation that national strike action, accompanied by popular mass demonstrations, representative of all sections and forces . . . is the appropriate way . . . in Spain."

Won't Quit

The Spanish government will not quit, the broadcast warned, "as long as the people do not come out into the streets to impose their will." The Spanish Communists then issued a seven-point program saying: "We Communists would support a provisional government which has a foreign policy favoring peaceful co-existence with the Soviets." Further, it said: "We Communists have proposed the holding of a round table conference, a sort of opposition Parliament at which the various forces could present their viewpoints."

The Communists appealed to the Catholics, the workers, the army, the police, the chambers of commerce, the university students. If a center of democratic force doesn't checkmate the Communist apparatus and it does pull its Tokyo tactics in Spain and they do take power, the Soviets will have the mother country of all Latin America—and not just a Caribbean beachhead in Cuba.

Buying Of Votes Can Be Disguised

From the Philadelphia Evening Bulletin

It has been evident ever since the West Virginia primaries that Senator Kennedy would have to contend with charges, true or false, that his family's wealth was being thrown into the scales in the present campaign.

Senator Hugh Scott, in his capacity as an aggressive Nixon partisan, has made such charges with astonishing bluntness in the past few days. He has alleged that the Kennedy family foundation "outbid the State Department" in promising to finance an airlift of African students "for blatant political purposes," and has quoted "estimates" that between \$1.5 and \$7 million of Kennedy money had already been used for the purpose of buying votes.

If he intended to convey the idea that the Kennedy fortune was being handed out to voters in \$5 and \$10 bills, he is not likely to find credence.

If he intended, on the other hand, to imply that Senator Kennedy has a great advantage in being able to spend money freely for radio and TV time, for travel and advertising and organizational expenses, he might better have said exactly this. There is no denying that present-day campaigns are enormously expensive, and that a family fortune is handy. But this can hardly be called "buying votes."

What can be described as "buying votes," and on a vastly more serious scale, is the sort of thing to be found in reckless platform promises appealing to the self-interest of such big groups as the farmers, labor, the elderly, and minority groups, regardless of the larger interest of the nation. This is vote-buying at wholesale, instead of retail, and is the more dangerous because more difficult to expose.

Come Now, Doc!

From the Chicago Daily News

The question posed by the [Gallup] poll was: "Which candidates would you vote for, Nixon and Lodge or Kennedy and Johnson?" The results gave 50 per cent for Nixon, 44 per cent for Kennedy, with 6 per cent undecided.

Dr. George Belknap, director of voting research for the Democratic National committee, objects that the question did not identify the candidates as Republican or Democratic. He thinks this "may have made a difference of three or four per cent in favor of Nixon."

For all we know, this may be true. But it raises another question. How much difference will it make in favor of Nixon that a ranking Democrat suggests—libelously, we feel sure—that three or four per cent of Democratic voters are too dumb to identify their candidate by name?

The Bigotry Issue

Vice President Nixon is rumored to be considering a much stronger statement than he has hitherto made on the bigotry issue.

Northern Republican leaders are worried about the continuous publication in their cities of stories that Southern clergymen are preaching sermons around the text: "A Communist in the White House would be no worse than a Catholic."

These sermons may help Nixon in the South, but they may also have wholly unfair repercussions against him in key Northern areas.

It is the belief of HUMAN EVENTS that GOP leaders must come out now in the strongest possible language denouncing bigotry as anti-Christian and anti-American.

Parity Prices Are Bad Enough; Let's Not Have Parity Income

From the Chicago Tribune

Until this year's Democratic platform and candidates took up the cry of "full parity of income" for the farmers, its only advocate was the left-wing National Farmers Union.

The expression lacks a definition, but our farm editor, Richard Orr, has pointed out that there is a vast difference between parity prices for farm products and parity income for farmers. Parity prices are supposed to give a farmer for each unit of what he produces—for example, a bushel of wheat—as much purchasing power as it commanded before World War II. The idea is not sound, as experience has shown, but at least you know what the words mean.

Those who promise parity of income can mean almost anything. They can cite figures showing that in the last 10 years, the per capita net income of farmers has risen 14 percent, while that of nonfarmers has risen 39 percent.

They can point out that during World War II, when the farm business was booming, the farmer's per capita net income was 60 percent of the nonfarmer's and has since declined to 43 percent.

These figures suggest only that the average farmer today is not as well off, in relation to the industrial worker, as he was at the peak of his prosperity. By taking some other base year, it can be shown just as conclusively that the farmer is as well off as he was, or better off.

What is more, the figures are unreliable in themselves. It is misleading to say that the farmer's per capita net income last year was \$960 and that the nonfarmer's was \$2,202. Out of his \$2,202, the nonfarmer has to buy his food; many farmers grow a good deal of their own. The nonfarmer has to pay

rent or taxes. The farmer charges these items to the operation of his farm, and doesn't need to pay them out of his net income. The same is likely to be true of his transportation, utilities, and work clothes. It has been estimated that the farmer's cash net income represents as little as half of his real income, but the proportion varies from farm to farm.

Neither the Democratic platform nor Mr. Kennedy gives us a clue as to what they mean by parity of income. The National Farmers Union has defined it as "the right to earn and receive income . . . equivalent to that earned and received by people in other walks of life from similar productive resources." This doesn't help much; as we have shown, money figures are not comparable. Does it mean that the farmer's net income should be restored to 60 percent of the nonfarmer's income, as it was during World War II? Even if the government could somehow bring this about, which it could not, the industrial unions would reply by demanding parity of income for themselves, and as a base year they might choose 1959 or some other year which would entitle them to higher earnings.

Clearly, if the government undertook to define and guarantee parity of income, its problems would be endless and appalling. It would demand almost unlimited power to control wages and prices, and today's promises to the farmers would be forgotten in favor of similar promises to somebody else. There could hardly be a surer road to socialism, class bitterness, and financial chaos.

Comes the Dawn

"I don't blame the actors who prefer to live and work abroad to make more money. It's the tax structure that's to blame . . . There's something wrong with the system."—Actor Rock Hudson.

US Slugs Anti-Red Trujillo, Taps Castro, Abides Kremlin

By Walter Trohan

The United States has broken off relations with the Dominican Republic, an action marked by anything but consistency.

The nations of the Organization of American States went into labor in Costa Rica and produced a break with a dictator, who is a mouse frightening the elephant of communism. The nations were bold in condemning Rafael Trujillo, the strong man of the Dominican Republic, slow to condemn a more violent dictator, Fidel Castro, and too timid to mention Nikita Khrushchev, whose hands are redder with blood than his shirt.

Not Courageous

It didn't take courage to berate Trujillo, because he hasn't a powerful friend like Castro has in Russia. The gathering was called an act against the menace of communism in Cuba and vent its wrath on one of the strongest foes of communism in the hemisphere, one who has dared to break relations with Russia, which we have not, although we proclaim Russia as the major enemy of civilization. Trujillo has dared to break relations with Cuba, which spends much of its time condemning anything and everything American.

The American break with the Dominican Republic came after O.A.S. condemnation of Dominican "acts of aggression and intervention" against Venezuela, including an alleged attempt to murder the Venezuelan president, Romulo Betancourt, who is something less than friendly to the United States and a professed former Communist. Betancourt took office after Communists in the Venezuelan capital threatened the life of Vice President Nixon.

US Uncovered Plot

It can be told on unimpeachable authority that the United States uncovered the plot against Betancourt's life, which the Dominican Republic charges was manufactured. American intelligence uncovered the plot which culminated last June in the explosion of a bomb near Betancourt's car in an army day parade. The Venezuelan president, who was advised of the plot, suffered hand burns when the bomb, which was planted in an auto, exploded near his car. He might have escaped any injury, but preferred to expose himself.

Immediately after the bomb went off, the government sounded a call to citizens to be ready to defend the fatherland, and formally named the Dominican Republic as the author of the assassination attempt, on the basis of the intelligence supplied by the United States. The intelligence also sparked the O. A. S. resolution urging American states to sever ties with the Dominican Republic.

In dealing with Cuba and Russia, the

nations were not so bold. Our good neighbors watered down a resolution which would have condemned Castro or Khrushchev. They adopted a resolution which did not name Castro's regime, Russia, or Red China. The resolution merely condemns extra-continental intervention, which means communism but doesn't say so.

Nothing New

Unhappily there has been plenty of precedent in the United States for the action of the 21-member American organization. In the American Congress attempts to condemn Russia have brought substitution of the word "totalitarian" for the word "Soviet" and the phrase "alien despotism" for "Soviet despotism," when efforts have been made to denounce Russian enslavement of free peoples.

If the Dominican Republic plotted against the life of Betancourt, Khrushchev has taken over millions by murdering various leaders and Castro has killed his enemies wholesale. We have rewarded Marshal Tito with more than a billion dollars in aid, although he came into power by murdering our wartime ally, General Mihailovich. If Trujillo was punished for speaking unkindly against a former Communist, we have not punished Castro who has stolen American property and harangues against America by the hour.

Friendly Dictator

If we break with Trujillo because he is a dictator, although a friendly one, we do not break with unfriendly dictators, like Tito, Castro, and Khrushchev. If we break with Trujillo because he is a menace, we do not break with dictators who make no secret of their desire to impose their way on us.

No matter how you look at it, the action doesn't stand as a model of consistency, if it may have merit.



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Socialism Creeps In Sheep's Clothing

By Senator J. Glenn Beall

Very few American citizens would accept socialism as a way of life for America IF it were properly identified as socialism. But it is accepted bit by bit when offered as social gains. In the several European countries where socialism now largely dominates, it first was identified not as socialism but as government aid programs and welfare measures. Because of its insidious growth, it is now deeply enmeshed there, and may never be thrown off. Socialism gets worse, never better, as it evolves toward the totalitarian police state. In America we face a danger that socialism—big, powerful, central government, involving itself in the lives of all individuals—will gradually take over under the guise of social welfare or some other label.

Now, of course, most Americans will support government protection of the weak against exploiters and temporary government aid to those pinched by technological changes in industry or farming. But we've seen these good purposes abused by a so-called "liberalism" which builds political power by promising Federal aid to one voting bloc after another. And, when objection is raised to a spending program, the spenders always insist that it will help our economy. Any artificial growth in our economy forced by Federal spending and loose money policies weakens our national strength.

Our people prefer the healthy climate of free enterprise and individual effort where everyone can stand on his own two feet. To assure this, we must increase the traditional strengths of our free economy—initiative and investment, productivity and efficiency.

Better Living Index

The "cost of living" index of the Labor Department is misnamed. To be accurate, it should be called the "cost of better living."

The Department says that to maintain an "adequate" standard of living costs 40 per cent more in 1959 than it did in 1951. Then it adds that consumer prices went up during the 1951-59 period only 20 per cent, but, it says an adequate standard of living in 1959 has to be 20 per cent better than in 1951.

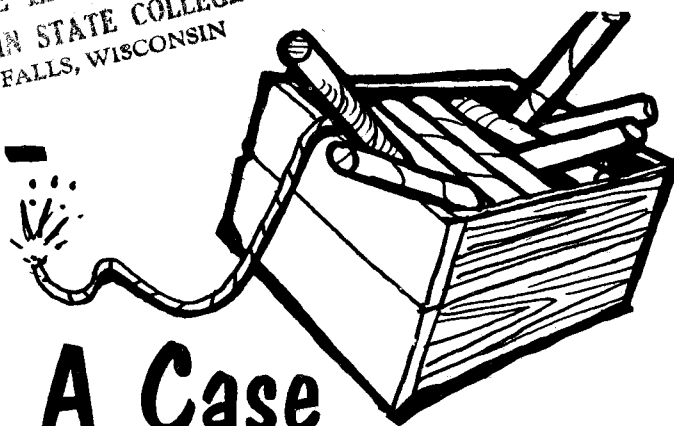
From the Enemy's Camp

One of our favorite campaign stories is the one about William Jennings Bryan who was given a roaring welcome by the natives of a town in the agricultural belt. They shouted for a speech but no platform had been prepared. Bryan looked around, spied a farmer's manure-spreader, hopped on it, and shouted above the din: "My friends—this is the first time I have ever addressed an audience from the opposing party's platform."

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The Communist Strategy of Protracted Conflict

By ANTHONY TRAWICK BOUSCAREN

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THROUGH BLUSTER and threats, Mr. Khrushchev has succeeded in inducing the United States to end the highly successful U-2 program. For three years, until the Midas and Samos projects become operational, the Free World will be deprived of intelligence information which is of survival importance.

Having gained one point with the "tough" line, Mr. Khrushchev may well revert to a softer (than Paris) line, in an attempt to bring to the fore in this country those who would make concessions of substance on Berlin, Red China and nuclear testing.

This characteristic Communist strategy is analyzed in one of last year's most important books—*Protracted Conflict*, written by Professors Robert Strausz-Hupe, William Kintner, James Dougherty, and Alvin Cottrell, all of the Foreign Policy Research Institute of the University of Pennsylvania.

This book analyzes the Communist doctrine of "protracted conflict," which is being waged against us today. The Chinese Communist leader Mao Tse-tung, in one famous passage, distills the essence of this doctrine into 16 words:

"The enemy advances, we retreat; enemy halts, we harass; enemy tires, we attack; enemy retreats, we pursue."

The importance of Mao's writings is his conviction that both time and wisdom are on the side of the Communists, and that, inescapably, the forces of the Free World, lacking a conceptual framework of the conflict, will succumb to the enveloping tide of revolutionary Communism.

The Communist strategy of protracted conflict seeks to avoid a general, direct, decisive encounter with the enemy unless and until overwhelming physical superiority sufficient to ensure the enemy's complete destruction—and his alone—has been acquired. To avoid this encounter, fullest possible reliance must be placed on indirect, irregular, unconventional strategies. The indirect approach is the standard stratagem for military forces as well as revolutionary movements confronted by a more powerful enemy. As long as the Free World possesses superiority, a premature frontal military encounter must be avoided, even at the cost of temporary setbacks.

The vision of the Communists in applying this instrument of cold warfare is derived precisely from their broader strategic vision—their ability to view the conflict in all its dimensions. It is derived also from an intimate knowledge of the enemy: his disposition of forces, strategic doctrine and, last but not least, his psychological make-up. The latter includes certain legal preconceptions which have enabled the Communists to proceed almost unhindered against the outposts of Western strategic power.

The problem confronting the Communists is how to extend their sway without provoking the West into direct and formidable retaliatory action. The strategy of the indirect approach relies on proxies (North Koreans, Chinese, North Vietnamese, East Germans, and Cubans) for the accomplishment of certain missions. It permits the Communists to execute their strategy of protracted conflict, leaving the Soviet Union free to disown the legal responsibility for their actions. It also enables the Western states to back away from firm positions without appearing to capitulate to Communist initiatives.

Success in pursuit of the protracted conflict strategy is predicated upon keeping the enemy in a defensive and reactive frame of mind and thus preventing him from seizing the initiative. This is primarily a matter of psychological conditioning. The Communists seek to exploit the enemy's ideological preconceptions, and hardens those assumptions, consciously held or not, which inhibit his ability to counter their challenges.

A prize example is the Communist conception of the bipolar world, divided into the "war zone" and the "peace zone." Communism defines the rules and the area of the protracted conflict; the West is made to accept them. Through a process of conditioning the Western Powers can be induced to respect the boundaries of the "peace zone" (i. e. the Soviet bloc), while implicitly taking it for granted that the battle will be waged solely in the area not yet dominated by Soviet power, i. e., the "war zone."

Since the Third World War began 16 years ago, with the Communist revolution in Greece, the Communists have marked out the non-Communist territory as the "war zone," and have succeeded in confining both cold and hot phases of this war to it. Much of the Free World has unconsciously accepted the Communist rule of international conduct: under its dispensation the West must condone Communist forays into the non-Communist "war zone" and abstain from launching counterthrusts into the Communist "peace zone." The Communists, in short, have been allowed to define the territorial limits of the protracted conflict.

The Communists are likely to win World War III because they know they are in it. That we are still not conscious of being defeated, except momentarily in the technological race, or of having been involved in a mortal struggle these past 16 years does not make our appalling defeats thus far any less real. On the contrary, the measure of success of Communist protracted conflict principles is that the Communists gained control of regions heretofore firmly held by the Western Powers without provoking a counterattack.

The Communists, even since they embarked upon their march to power, have operated from an inferior power position. At the outset, they could not begin to match the military and economic power

of their opponents. They were inferior in all respects—except in the determination to win a power monopoly, and the skill of exploiting the irresolution of those they proposed to conquer. Broadly speaking, as of the present moment, I believe they are still inferior to the combined power of the Free World.

Yet, the Communists are striving to overawe the people of the West with their strategic capabilities—or at least with the image of those capabilities which they themselves project. They are attempting to paralyze the decision-makers of the Western states. To this purpose, they will increasingly exploit a variety of communications channels to produce conditioned guilt complexes, schizoid attitudes toward the Communist threat, an excessively defensive mentality and diverse social neuroses among Western elites. Meantime, they will continue to mask the serious internal weaknesses of the Soviet Empire while working steadily to divide the West and drain it of its strength.

During the second Greek war (1947-1949), the Communists succeeded in restricting hostilities to the "war zone," that is, the Free World side of the boundary running between Greece on the one side, and Bulgaria, Yugoslavia, and Albania, on the other. The Communists had a privileged sanctuary in these three states, but not so the anti-Communist forces in Greece. Similarly, during the Korean war, the Chinese Communists, by their own admission, would never have invaded Korea had they not been reassured that the United States would respect their privileged sanctuary across the Yalu River.

SO IT HAS BEEN in every battle of World War III. The Communist enemy can cross the fifty yard line into our side, but we cannot cross into his territory. Not only has all the activity (except for internal uprisings unaided by the West) been on our side of the fifty yard line, but the agenda of international conferences has all but precluded even discussion of such things as free elections in East Germany and North Korea, attacks on unarmed Free World aircraft, Korean war crimes, genocide in Tibet, and the Baltic states. The main issue that was to have been discussed at the Paris conference in May was not East Berlin (which is enslaved) but West Berlin (which is free).

On the eve of Khrushchev's visit to the United States last fall, Henry Kissinger pointed out (in the New York Times Magazine, September 9, 1959):

The cold war is NOT the result of a misunderstanding between our leaders and those of the Soviet Union. It is the product of a conscious Soviet policy which includes the suppression of freedom in Europe . . . the Soviet refusal to accept schemes for the control of arms; Communist pressure on all peripheral areas, of which Laos is only the most recent example; the unprovoked threat on Berlin . . . If Mr. Khrushchev compares his position now with what it was last November, when he first threatened Berlin, he may well conclude that bellicosity has its rewards. As a result of his pressure on Berlin, accompanied by threats of missile and nuclear attacks, Mr. Khrushchev has already gained the following points:

(1.) A meeting at the top without withdrawing the threat to Berlin,

(2.) A demonstration of the lack of purpose in the West,

(3.) A hardening of the dividing lines in Germany . . . When an East German delegation was seated at Geneva, a major step was taken not only toward our acceptance of the division of Germany but toward our acceptance of the East German puppet regime . . . we must guard against succumbing to the illusion of relaxation while the causes of the cold war remain unsolved and new crises build up in an atmosphere of blandness and "normalcy."

UNDER COVER OF the "Spirit of Camp David," Khrushchev induced President Eisenhower to agree with him that the situation in Berlin was "abnormal." The implication was that this abnormal situation can only be corrected by Western concessions. Already the West has suggested that the RIAS radio in West Berlin cut down its anti-Communist broadcasts, that there might be a thinning out of token forces in West Berlin and the United States has already agreed to end further flights into Berlin of over 10,000 feet. But there has been no genuine Soviet reciprocity. The Soviets are waiting for us to clear out altogether, without making any concessions of substance themselves.

While in this country recently, Chancellor Adenauer suggested a plebiscite in West Berlin on the issue of Allied (US, British, and French) troop withdrawal. If acted upon, it would really pull the rug out from under Khrushchev's feet. But failing this, or the proclamation of a second Captive Nations Week at the next strategic opportunity—which would demonstrate to both Khrushchev and to the captive peoples whose side we are on—our strategy can only be to follow the advice of our former Secretary of State Acheson. According to "The Dean," we should inform Khrushchev that we are perfectly satisfied with the existing situation in Berlin, and prefer not to discuss that particular matter. We might go on to say that we are, however, prepared to assist the Soviets in preparing free elections in East Berlin, East Germany, and North Korea.

Meantime, so long as the Soviets continue their own massive espionage operations and reject President Eisenhower's "open skies" proposal, we must re-appraise the unfortunate snap decision to stop the U-2 program, and resume nuclear testing at the earliest possible date.

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